

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Norton Shores, Michigan	County Muskegon
Fiscal Year End 6/30/06	Opinion Date 9/13/06	Date Audit Report Submitted to State 10/24/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations)

YES

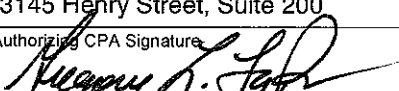
NO

**Check each applicable box below** (See instructions for further detail )

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P A 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin)
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD) If there is such activity that has not been communicated, please submit a separate report under separate cover
11. ☒ ☐ The local unit is free of repeated comments from previous years
12. ☒ ☐ The audit opinion is UNQUALIFIED
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None issued	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Pridnia LaPres, PLLC		Telephone Number 231-739-9441	
Street Address 3145 Henry Street, Suite 200		City Muskegon	State MI
Zip 49441			
Authorizing CPA Signature 	Printed Name Gregory L. LaPres	License Number 1101013632	

# **City of Norton Shores**

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## **Financial Statements and Supplemental Material**

**Year Ended June 30, 2006**

**CITY OF NORTON SHORES  
MICHIGAN**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2006**

**Prepared by  
Finance Department**

**Michael D. Huston  
Finance Director**

**Tina C. Ericksen  
Controller/Treasurer**

# Comprehensive Annual Financial Report City of Norton Shores

June 30, 2006

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# Comprehensive Annual Financial Report City of Norton Shores

June 30, 2006

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## Independent Auditors' Report

To the Honorable Mayor and City Council  
City of Norton Shores, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norton Shores, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norton Shores' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norton Shores, Michigan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2006, on our consideration of the City of Norton Shores' internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress on pages 9 through 18 and pages 60 through 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norton Shores' basic financial statements. The combining funds statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining funds statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pridma LaRus, PLLC*

Muskegon, Michigan  
September 13, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Norton Shores, Michigan, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the City of Norton Shores for the fiscal year ended June 30, 2006. Please read this narrative in conjunction with the review of our financial statements and notes to the financial statements.

### **Financial Highlights**

- The assets of the City of Norton Shores exceeded its liabilities at the close of the fiscal year by \$64,579,164 (net assets), compared to \$63,690,859 at June 30, 2005. Of this amount, \$20,965,024 (unrestricted or undesignated net assets) may be used to meet the City's obligations to citizens and creditors.
- The City's total net assets increased by \$888,305.
- As of the close of its current fiscal year, the City of Norton Shores' governmental funds reported a combined ending net assets of \$22,413,541, an increase of \$666,093 in comparison with the preceding fiscal year. Approximately 38% or \$8,613,849 is available for spending at the City's discretion (undesignated net assets).
- At the end of the current fiscal year, the undesignated fund balance for the general fund was \$1,234,531, or 16% of total general fund expenditures.
- The City of Norton Shores total debt decreased by \$746,220, or 5%, during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Norton Shores' basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The report also contains supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The "government-wide financial statements" are designed to provide readers with a broad overview of the City of Norton Shores' finances in a manner similar to a private-sector business. These statements are presented on the full accrual basis of accounting, which when viewed from the economic resources management focus can be used to determine whether the City has improved or deteriorating finances.



The "statement of net assets" presents information on all of the City of Norton Shores' assets and liabilities, with the difference between the two being reported as "net assets". Over the years, increases or decreases in net assets may serve as one indicator of the change in the financial condition of the City.

The "statement of activities" presents how the net assets changed during the period just ended. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Example of timing differences is uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City of Norton Shores that are primarily supported by tax and intergovernmental pass through revenues (*governmental activities*) from other functions that were created and intended to recover most or all of their costs through user fees and charges for services (*business-type activities*). The government activities include legislative, general city government, public safety, highways and streets, community development, culture, recreation, and debt service. The business-type activities include water and sewer utilities and equipment maintenance and replacement services.

The government-wide financial statements include not only the City of Norton Shores (*the primary government*) but also the legally separate Tax Increment Financing and Brownfield Redevelopment Authorities. The boards of these organizations are appointed by the City and there is a potential for liability to the City. The financial information of these component units is reported separately from the financial information of the primary government itself.

## **Reporting on the City's major funds**

**Fund financial statement.** A fund is a grouping of related accounts that is used to maintain control and reporting of resources that are segregated for a specific purpose or activity with defined objectives. The City of Norton Shores is required by State law to use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Norton Shores are divided into three categories: Governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's short term financing needs.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, informed readers may better be able to understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Norton Shores maintains over fifteen individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street, and capital improvement fund. All of these funds are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

The City of Norton Shores adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparisons (original and final) have been provided for the major funds to demonstrate compliance with the budgets as required supplementary information. A comparison of budget to actual expenditures is provided for all non-major governmental funds in the combining financial statements - governmental activities by fund type.

**Proprietary funds.** The City of Norton Shores maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as "business-type activities" in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. City internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for equipment maintenance and replacement services. Because these services predominantly benefit governmental rather than business-type activities, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer funds which is considered a major fund of the City. Conversely, the internal service fund is presented in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own operations. The accounting used for fiduciary funds is like that used for proprietary funds (full accrual).

**Notes to the basic financial statements.** The notes provide additional information that is important to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information concerning the City's budgetary information as it relates to the actual expended and certain pension information with the corresponding trend data.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

As noted previously, net assets may serve as a useful indicator of the City's overall financial health. The City of Norton Shores' assets exceed liabilities by \$64,579,164 at the close of fiscal year 2006, compared to \$63,690,859 at the close of fiscal year 2005.

The largest portion of net assets in the City (51%) are its capital assets (land, buildings, machinery and equipment), net of related debt outstanding used to acquire these assets. The City uses these capital assets to provide services to City residents and, therefore, are not available for disposal to fund future projects or operations. Although the City's investment in capital assets is reported net of capital debt, it is noted that resources needed to retire this debt must come from future sources of revenue, as the assets themselves can not be used to liquidate these obligations.

## CITY OF NORTON SHORES NET ASSETS

Major Categories	Governmental Activities 2006	Governmental Activities 2005	Business- Type Activities 2006	Business- Type Activities 2005	Total 2006	Total 2005
Cash and investments	\$ 8,836,218	\$ 7,745,459	\$ 1,562,299	\$ 2,043,363	\$ 10,398,517	\$ 9,788,822
Receivables	1,103,440	1,273,116	2,050,583	2,248,236	3,154,023	3,521,352
Other current assets	415,764	408,895	242,491	205,359	658,255	614,254
Long term assets	-	-	9,894,926	8,687,298	9,894,926	8,687,298
Capital assets	14,506,032	15,262,284	31,997,615	32,630,609	46,503,647	47,892,893
Facility rights	-	-	9,013,135	9,318,728	9,013,135	9,318,728
<b>Total Assets</b>	<b>24,861,454</b>	<b>24,689,754</b>	<b>54,761,049</b>	<b>55,133,593</b>	<b>79,622,503</b>	<b>79,823,347</b>
Other liabilities	707,984	945,301	423,758	529,370	1,131,742	1,474,671
Long-term liabilities	1,739,929	1,997,005	12,171,668	12,660,812	13,911,597	14,657,817
<b>Total Liabilities</b>	<b>2,447,913</b>	<b>2,942,306</b>	<b>12,595,426</b>	<b>13,190,182</b>	<b>15,043,339</b>	<b>16,132,488</b>
Investment in capital assets – net of related debt	13,268,307	13,669,192	19,919,522	20,584,263	33,187,829	34,253,455
Restricted	531,385	473,401	9,894,926	8,687,298	10,426,311	9,160,699
Unrestricted	8,613,849	7,604,855	12,351,175	12,671,850	20,965,024	20,276,705
<b>Total Net Assets</b>	<b>\$ 22,413,541</b>	<b>\$ 21,747,448</b>	<b>\$ 42,165,623</b>	<b>\$ 41,943,411</b>	<b>\$ 64,579,164</b>	<b>\$ 63,690,859</b>

A portion (16%) of the City's net assets has certain restrictions placed on their use. The remaining balance of unrestricted net assets (\$20,965,024) can be used to meet the City's ongoing obligations to its residents and creditors. A major portion (36%) of the Governmental total assets of the City are cash and cash equivalents (liquid) and short-term receivables, which gives us a great ability to meet current obligations of short- and long-term nature. This ability allows the City to meet changing conditions in the market place as well as changes in the local economy.

**Governmental Activities.** Governmental activities increased the City's net assets by \$666,093. This increase was due primarily to increases in tax revenue or as result of new construction and general market value increases.

Other elements in the increase are as follows:

### CITY OF NORTON SHORES CHANGES IN NET ASSETS

Major Categories	Governmental Activities 2006	Governmental Activities 2005	Business- Type Activities 2006	Business- Type Activities 2005	Total 2006	Total 2005
<b>Revenues</b>						
Program Revenues						
Operating grants and contributions	\$ 5,041	\$ 50,655	\$ -	\$ -	\$ 5,041	\$ 50,655
Charges for services	1,740,181	1,565,379	4,728,846	4,436,512	6,469,027	6,001,891
Capital grants-contributions	160,159	362,122	-	-	160,159	362,122
General Revenues						
Taxes	6,468,480	6,195,706	-	-	6,468,480	6,195,706
Special assessments levied	33,014	80,492	416,938	654,380	449,952	734,872
Licenses and permits	799,902	784,501	-	-	799,902	784,501
Intergovernmental revenue	3,686,706	3,791,316	-	-	3,686,706	3,791,316
Fines and forfeits	65,528	87,602	-	-	65,528	87,602
Interest income	240,131	337,586	145,225	209,996	385,356	547,582
Miscellaneous	141,417	83,449	83,826	37,614	225,243	121,063
<b>Total Revenues</b>	<b>13,340,559</b>	<b>13,338,808</b>	<b>5,374,835</b>	<b>5,338,502</b>	<b>18,715,394</b>	<b>18,677,310</b>
<b>Expenses</b>						
General government	2,467,921	2,034,849	-	-	2,467,921	2,034,849
Public safety	6,860,843	6,125,638	-	-	6,860,843	6,125,638
Highways and streets	1,399,456	1,795,446	-	-	1,399,456	1,795,446
Sanitation	585,760	707,660	-	-	585,760	707,660
Culture and recreation	579,975	606,938	-	-	579,975	606,938
Administration	873,324	977,784	-	-	873,324	977,784
Community development	123,110	111,882	-	-	123,110	111,882
Debt Service						
Interest	61,777	81,270	-	-	61,777	81,270
Water and sewer	-	-	5,152,623	5,222,458	5,152,623	5,222,458
<b>Total Expenses</b>	<b>12,952,166</b>	<b>12,441,467</b>	<b>5,152,623</b>	<b>5,222,458</b>	<b>18,104,789</b>	<b>17,663,925</b>
<b>Increase in Net Assets before Transfers</b>	<b>388,393</b>	<b>897,341</b>	<b>222,212</b>	<b>116,044</b>	<b>610,605</b>	<b>1,013,385</b>
<b>Transfers</b>	<b>277,700</b>	<b>240,950</b>	<b>-</b>	<b>-</b>	<b>277,700</b>	<b>240,950</b>
<b>Increase in Net Assets</b>	<b>666,093</b>	<b>1,138,291</b>	<b>222,212</b>	<b>116,044</b>	<b>888,305</b>	<b>1,254,335</b>
<b>Net Assets—July 1, 2005</b>	<b>21,747,448</b>	<b>20,609,157</b>	<b>41,943,411</b>	<b>41,827,367</b>	<b>63,690,859</b>	<b>62,436,524</b>
<b>Net Assets—June 30, 2006</b>	<b>\$ 22,413,541</b>	<b>\$ 21,747,448</b>	<b>\$ 42,165,623</b>	<b>\$ 41,943,411</b>	<b>\$ 64,579,164</b>	<b>\$ 63,690,859</b>

**Business-type activities.** Business-type activities increased the City of Norton Shores' net assets by \$222,212 accounting for 25% of the total growth in the government's net assets. Water and sewer installations and connections drove the increase by contributing over \$416,938 in revenue.

### **Financial analysis of the Government's Funds**

As noted earlier, the City of Norton Shores uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Norton Shores' governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the current fiscal year, the City of Norton Shores' governmental funds reported combined ending fund balances of \$8,366,833, an increase of \$1,339,397 in comparison with the previous year. Approximately 90% of the fund balance (\$7,513,354) constitutes unreserved balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$322,094), 2) pay debt service (\$95,374), and 3) reserve for perpetual care (\$436,011).

The general fund is the chief operating fund of the City of Norton Shores. At the end of the current fiscal year, undesignated fund balance of the general fund and total fund balance was \$1,234,531. As one measure of the general fund's liquidity, it is useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 16% of total general fund expenditures, while total fund balance also represents 16% of that same amount. This percentage is equal to the prior year.

Major revenue items contributed to the \$259,496 increase in revenues in the general fund. Property taxes increased \$163,290, intergovernmental revenues decreased \$51,893 in the general fund. The majority of revisions to revenue were in the areas of charges for services and investment income. Expenses in the general fund were \$46,037, greater than the previous year, leading to a net increase in fund balance of \$225,197 over the previous fiscal year.

**Proprietary Funds.** The City of Norton Shores proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the water and sewer system were \$12,351,175, with the equipment revolving funding showing unrestricted net assets of \$1,275,952.

#### **General Fund Budgetary Expenditure Highlights**

The increase between the original budget and the final amended was very small (less than 1%) and is briefly summarized as follows:

Increase in medical insurance costs for all employee groups.  
Increase in pension contribution amounts due to higher salaries and increased amortization expense.

Budgeted expenditures increased \$86,612. As indicated previously, increases in pension and medical costs accounted for nearly all the appropriation increases. Total actual expenses came in under budget and allowed revenues to flow through as an increase in the fund balance.

#### **Capital Asset Administration**

**Capital Assets.** The City of Norton Shores' investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to \$46,503,647 (net of accumulated depreciation) compared to \$47,892,893 at June 30, 2005. This involvement in capital assets includes land, buildings, improvements, machinery, equipment, water supply and sanitary sewer collection systems, infrastructure and capitalized interest and engineering. The total decrease in the City's capital assets for the current fiscal year was 3%, net of depreciation. Additions for the fiscal years ended June 30, 2006 and 2005 are as follows:

	2006	2005
Land	\$ -	\$ -
Buildings	28,362	33,183
Land Improvements	53,232	42,883
Machinery and Equipment	1,064,484	1,317,529
Water Mains and Hydrants	286,618	40,493
Sewers and Lift Stations	27,161	29,239
Construction in Progress	41,997	251,841
Infrastructure	281,955	78,169

## CITY OF NORTON SHORES CAPITAL ASSETS

Major Categories	Governmental Activities 2006	Governmental Activities 2005	Business- Type Activities 2006	Business- Type Activities 2005	Total 2006	Total 2005
Land	\$ 1,875,699	\$ 1,875,699	\$ 250	\$ 250	\$ 1,875,949	\$ 1,875,949
Land improvements	1,341,928	1,288,696	-	-	1,341,928	1,288,696
Buildings and improvements	2,855,197	2,826,835	-	-	2,855,197	2,826,835
Machinery and equipment	11,273,012	10,563,871	114,912	114,912	11,387,924	10,678,783
Infrastructure	18,363,877	18,081,922	-	-	18,363,877	18,081,922
Regional Water System	-	-	1,510,285	1,510,285	1,510,285	1,510,285
City Water System	-	-	9,580,885	9,294,267	9,580,885	9,294,267
Sewers and lift stations	-	-	35,637,988	35,610,827	35,637,988	35,610,827
Wastewater treatment	-	-	5,400,608	5,400,608	5,400,608	5,400,608
Construction in progress	-	-	3,828,340	3,786,343	3,828,340	3,786,343
<b>Total</b>	<b>\$ 35,709,713</b>	<b>\$ 34,637,023</b>	<b>\$ 56,073,268</b>	<b>\$ 55,717,492</b>	<b>\$ 91,782,981</b>	<b>\$ 90,354,515</b>

Additional information on the City's capital assets can be found in Note 4 of the "Notes to Basic Financial Statements" of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Norton Shores had total bonded debt outstanding of \$13,315,817. The bonded debt is backed by the limited full faith and credit of the City; that is, existing taxing authority or current revenues for the retirement of outstanding debt.

## CITY OF NORTON SHORES OUTSTANDING DEBT

Major Categories	Governmental Activities 2006	Governmental Activities 2005	Business- Type Activities 2006	Business- Type Activities 2005	Total 2006	Total 2005
Limited full faith and credit bonds	\$ 950,000	\$ 1,250,000	\$ 12,078,092	\$ 12,585,535	\$ 13,028,092	\$ 13,835,535
CDBG Act 108 loan payable	85,000	105,000	-	-	85,000	105,000
Equipment capital lease Payable	202,725	238,092	-	-	202,725	238,092
Accumulated compensated absences	502,204	403,913	93,576	75,277	595,780	479,190
<b>Total</b>	<b>\$ 1,739,929</b>	<b>\$ 1,997,005</b>	<b>\$ 12,171,668</b>	<b>\$ 12,660,812</b>	<b>\$ 13,911,597</b>	<b>\$ 14,657,817</b>

The City's total debt decreased by \$746,220. This reduction was due entirely to normal debt payoffs as provided for in the FY-2006 budget.

Additional information on the City of Norton Shores' long-term debt can be found in Note 5 of the notes to the financial statements.



## **GENERAL**

The economic climate in Muskegon County and West Michigan remains stable. Unemployment and welfare caseloads continue at a low rate, although higher than both the state and federal rates as compared to County statistics. These increases are attributed to the weakening of the industrial base in the West Michigan area and its subsequent loss of jobs to other states and foreign countries. The City of Norton Shores continues to grow and diversify its base and is perceived as a good place to live, work and do business.

Several projects and achievements have contributed to the growth and quality of living in Norton Shores. Some of the more significant are:

Two new subdivisions were started in fiscal 2006 called Churchill Woods and Porter Woods. These subdivisions will extend Sternberg Road and will put the City closer to extending Sternberg from Grand Haven Rd to Lake Harbor Rd.

The drain that runs along Mt Garfield Road was completely reconstructed.

Henry Street from Sherman to Summit began reconstruction.

Water main construction was completed along Valk Street.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Norton Shores' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Norton Shores, Finance Department, 4814 Henry Street, Norton Shores, Michigan 49441, telephone (231) 798-4391.

	Primary Government		
<i>June 30, 2006</i>	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 8,836,218	\$ 1,562,299	\$ 10,398,517
Receivables			
Accounts	238,640	910,798	1,149,438
Intergovernmental	539,193	-	539,193
Assessments	325,607	1,139,785	1,465,392
Internal balances	1	-	1
Prepaid items	415,763	41,195	456,958
Inventory of material and supplies	-	201,296	201,296
Restricted assets	-	9,894,926	9,894,926
Capital assets, net of accumulated depreciation	14,506,032	31,997,615	46,503,647
Wastewater facility rights, net of amortization	-	287,221	287,221
Water plant facility rights, net of amortization	-	8,725,914	8,725,914
	\$ 24,861,454	\$ 54,761,049	\$ 79,622,503
<b>Liabilities</b>			
Account payables	\$ 153,707	\$ 291,447	\$ 445,154
Accrued payroll	87,479	10,400	97,879
Special agreements payable	-	5,098	5,098
Long-term debt (Note 5)			
Due within one year	357,330	299,090	656,420
Due in more than one year	1,382,599	11,872,578	13,255,177
Unearned revenues	466,798	116,813	583,611
<b>Total Liabilities</b>	2,447,913	12,595,426	15,043,339
<b>Net Assets</b>			
Investment in capital assets net of related debt	13,268,307	19,919,522	33,187,829
Restricted for			
Debt service	95,374	-	95,374
Perpetual care	436,011	-	436,011
Capital improvements	-	9,894,926	9,894,926
Unrestricted	8,613,849	12,351,175	20,965,024
<b>Net Assets</b>	\$ 22,413,541	\$ 42,165,623	\$ 64,579,164

# City of Norton Shores

## Statement of Net Assets



Component Units	
Tax Increment Finance Authority	Brownfield Redevelopment Authority
\$ 965,599	\$ 51,844
-	-
-	-
-	-
-	-
16	-
-	-
-	-
1,370,532	-
-	-
-	-
<hr/>	
\$ 2,336,147	\$ 51,844
<hr/>	
\$ 656	\$ -
302	-
-	-
-	-
-	-
-	-
<hr/>	
958	-
1,370,532	-
-	-
-	-
-	-
964,657	51,844
<hr/>	
\$ 2,335,189	\$ 51,844
<hr/>	

*The accompanying notes are an integral part of this statement*

		Program Revenues		
<i>Year ended June 30, 2006</i>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Government activities				
General government	\$ 2,467,921	\$ 1,042,619	\$ -	\$ -
Public safety	6,860,843	533,512	5,041	81,244
Highways and streets	1,399,456	-	-	78,915
Sanitation	585,760	-	-	-
Culture and recreation	579,975	164,050	-	-
Administration	873,324	-	-	-
Community development	123,110	-	-	-
Debt service				
Interest	61,777	-	-	-
<b>Total Government Activities</b>	<b>12,952,166</b>	<b>1,740,181</b>	<b>5,041</b>	<b>160,159</b>
<b>Business-Type Activities</b>				
Water and sewer	5,152,623	4,728,846	-	-
<b>Total Primary Government</b>	<b>\$ 18,104,789</b>	<b>\$ 6,469,027</b>	<b>\$ 5,041</b>	<b>\$ 160,159</b>
<b>Component Units</b>	<b>\$ 167,007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General Revenues</b>				
Taxes				
Special assessments levied				
Licenses and permits				
Intergovernmental revenue				
Fines and forfeits				
Interest income				
Miscellaneous				
Transfers from component units				
<b>Total General Revenues, Special Items, and Transfers</b>				
<b>Change in Net Assets</b>				
<b>Net Assets, at beginning of year</b>				
<b>Net Assets, at end of year</b>				

# City of Norton Shores

## Statement of Activities

Net (Expense) Revenue and Changes in Net Assets				Component Units	
Total	Governmental	Primary Government Business-Type Activities	Total	Tax Increment Finance Authority	Brownfield Redevelopment Authority
\$ 1,042,619	\$ (1,425,302)	\$ -	\$ (1,425,302)	\$ -	\$ -
619,797	(6,241,046)	-	(6,241,046)	-	-
78,915	(1,320,541)	-	(1,320,541)	-	-
-	(585,760)	-	(585,760)	-	-
164,050	(415,925)	-	(415,925)	-	-
-	(873,324)	-	(873,324)	-	-
-	(123,110)	-	(123,110)	-	-
-	(61,777)	-	(61,777)	-	-
1,905,381	(11,046,785)	-	(11,046,785)	-	-
4,728,846	-	(423,777)	-	-	-
<u>\$ 6,634,227</u>	<u>(11,046,785)</u>	<u>(423,777)</u>	<u>(11,046,785)</u>	-	-
<u>\$ -</u>				(156,912)	(10,095)
	6,468,480	-	6,468,480	1,020,651	18,842
	33,014	416,938	449,952	-	-
	799,902	-	799,902	-	-
	3,686,706	-	3,686,706	-	-
	65,528	-	65,528	-	-
	240,131	145,225	385,356	1,325	-
	141,417	83,826	225,243	-	-
	277,700	-	277,700	(277,700)	-
	11,712,878	645,989	12,358,867	744,276	18,842
	666,093	222,212	888,305	587,364	8,747
	21,747,448	41,943,411	63,690,859	1,747,825	43,097
<u>\$ 22,413,541</u>	<u>\$ 42,165,623</u>	<u>\$ 64,579,164</u>	<u>\$ 2,335,189</u>	<u>\$ 51,844</u>	

The accompanying notes are an integral part of this statement

<i>June 30, 2006</i>	General Fund	Major Streets Fund	Capital Improvements Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 1,001,036	\$ 280,032	\$ 2,153,511
Due from other governments	253,327	212,119	-
Due from other funds	1	-	-
Receivables			
Accounts	227,360	6,090	2,760
Assessments	-	-	-
Prepaid items	219,881	20,469	-
<b>Total Assets</b>	<b>\$ 1,701,605</b>	<b>\$ 518,710</b>	<b>\$ 2,156,271</b>
<b>Liabilities</b>			
Accounts payable	104,547	15,760	6,347
Accrued payroll	70,996	5,431	-
Unearned revenues	291,531	-	3,311
<b>Total Liabilities</b>	<b>467,074</b>	<b>21,191</b>	<b>9,658</b>
<b>Fund Balances</b>			
Reserved for debt service	-	-	-
Reserved for perpetual care	-	-	-
Unreserved			
Designated for subsequent year's expenditures	-	-	82,094
Undesignated	1,234,531	497,519	2,064,519
<b>Total Fund Balances</b>	<b>1,234,531</b>	<b>497,519</b>	<b>2,146,613</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,701,605</b>	<b>\$ 518,710</b>	<b>\$ 2,156,271</b>

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used for government activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment leasing to individual funds. The assets and liabilities of the Internal Service Funds are included in the Governmental Activities in the Governmental-Wide Statement of Net Assets.

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.

# City of Norton Shores

## Governmental Funds

### Balance Sheet

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,157,993	\$ 7,592,572
73,747	539,193
-	1
2,139	238,349
325,607	325,607
132,586	372,936
<u>\$ 4,692,072</u>	<u>\$ 9,068,658</u>
23,690	150,344
8,256	84,683
171,956	466,798
<u>203,902</u>	<u>701,825</u>
95,374	95,374
436,011	436,011
240,000	322,094
3,716,785	7,513,354
<u>4,488,170</u>	<u>8,366,833</u>
<u>\$ 4,692,072</u>	
	13,251,455
	2,530,529
	<u>(1,735,276)</u>
	<u>\$ 22,413,541</u>

*The accompanying notes are an integral part of this statement*

<i>Year ended June 30, 2006</i>	General Fund	Major Streets Fund	Capital Improvements Fund
<b>Revenues</b>			
Taxes	\$ 4,094,529	\$ -	\$ 1,491,292
Special assessments levied	-	-	-
Licenses and permits	233,832	-	-
Intergovernmental revenues	1,821,464	1,363,566	81,244
Charges for services	1,710,093	-	-
Fines and forfeits	64,904	-	624
Interest income	97,349	2,679	69,554
Miscellaneous revenue	18,199	74,398	2,794
<b>Total Revenues</b>	<b>8,040,370</b>	<b>1,440,643</b>	<b>1,645,508</b>
<b>Expenditures</b>			
General government	2,000,050	-	-
Public safety	4,938,320	-	-
Highways and streets	296,828	821,997	-
Solid waste disposal	-	-	-
Culture and recreation	579,975	-	-
Administration	-	248,822	350,111
Community development	-	-	-
Capital outlay	-	202,074	590,973
Debt service			
Principal payments	-	-	35,367
Interest	-	-	10,928
<b>Total Expenditures</b>	<b>7,815,173</b>	<b>1,272,893</b>	<b>987,379</b>
Revenues over (under) expenditures	225,197	167,750	658,129
<b>Other Financing Sources</b>			
Interfund transfers in	-	280,479	10,000
Interfund transfers out	-	-	(370,479)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>280,479</b>	<b>(360,479)</b>
Revenues and other sources over (under) expenditures and other uses	225,197	448,229	297,650
<b>Fund Balance, at beginning of year</b>	<b>1,009,334</b>	<b>49,290</b>	<b>1,848,963</b>
<b>Fund Balance, at end of year</b>	<b>\$ 1,234,531</b>	<b>\$ 497,519</b>	<b>\$ 2,146,613</b>



# City of Norton Shores

## Governmental Funds

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Non-Major Governmental Funds	Total Governmental Funds
\$ 882,659	\$ 6,468,480
33,014	33,014
566,070	799,902
585,632	3,851,906
30,088	1,740,181
-	65,528
70,549	240,131
46,026	141,417
2,214,038	13,340,559
17,509	2,017,559
471,286	5,409,606
280,631	1,399,456
585,760	585,760
-	579,975
274,391	873,324
123,110	123,110
79,881	872,928
320,000	355,367
50,849	61,777
2,203,417	12,278,862
10,621	1,061,697
367,700	658,179
(10,000)	(380,479)
357,700	277,700
368,321	1,339,397
4,119,849	7,027,436
\$ 4,488,170	\$ 8,366,833

*The accompanying notes are an integral part of this statement*

# City of Norton Shores

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

*Year ended June 30, 2006*

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<b>Net Change in Fund Balances – Total Governmental Funds</b>	<b>\$ 1,339,397</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay	872,928
Depreciation expense	(1,612,486)

The repayment of long-term debt consumes current financial resources but does not affect net assets	355,367
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The accrual of sick and annual wages does not consume current financial resources but does reduce net assets, therefore, they are not reported in governmental funds	(99,419)
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The net revenue of certain activities of internal service funds is reported with governmental activities	(189,694)
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<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 666,093</b>
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*The accompanying notes are an integral part of this statement.*

# City of Norton Shores

## Proprietary Funds

### Statement of Net Assets

		Governmental Activities
	Water & Sewer Funds	Internal Service Funds
<i>June 30, 2006</i>		
<b>Assets</b>		
Cash and cash equivalents	\$ 1,562,299	\$ 1,243,646
Receivables		
Accounts	910,798	291
Assessments	1,139,785	-
Prepaid items	41,195	42,827
Inventory of material and supplies	201,296	-
Restricted assets	9,894,926	-
Property, plant and equipment, net of accumulated depreciation (Note 4)	31,997,615	1,254,577
Wastewater facility rights, net of amortization of \$2,372,038	287,221	-
Water plant facility rights, net of amortization of \$692,387	8,725,914	-
<b>Total Assets</b>	<b>\$ 54,761,049</b>	<b>\$ 2,541,341</b>

*The accompanying notes are an integral part of this statement.*

**This statement covers more than one page.**

# City of Norton Shores

## Proprietary Funds

### Statement of Net Assets

		Governmental Activities
	Water & Sewer Funds	Internal Service Funds
June 30, 2006		
<b>Liabilities</b>		
Accounts payable	\$ 291,447	\$ 3,363
Accrued payroll	10,400	2,796
Special agreements payable	5,098	-
Deferred revenues	116,813	-
Long-term debt (Note 5)		
Due within one year	299,090	-
Due in more than one year	11,872,578	4,653
<b>Total Liabilities</b>	12,595,426	10,812
<b>Net Assets</b>		
Investment in capital assets, net of related debt	19,919,522	1,254,577
Restricted for capital improvements	9,894,926	-
Unrestricted	12,351,175	1,275,952
<b>Total Net Assets</b>	\$ 42,165,623	\$ 2,530,529

*The accompanying notes are an integral part of this statement.*

# City of Norton Shores

## Proprietary Funds

### Statement of Revenues, Expenses and Changes in Net Assets

		Governmental Activities
	Water & Sewer Funds	Internal Service Funds
<i>Year ended June 30, 2006</i>		
<b>Operating Revenues</b>		
Water sales	\$ 2,803,384	\$ -
Sewer service charges	1,872,748	-
Water service installations and direct sewer connections	416,938	-
Penalties on utility billings	52,714	-
Billings to departments	-	1,038,417
Miscellaneous operating revenues	83,826	40,515
<b>Total Operating Revenues</b>	<b>5,229,610</b>	<b>1,078,932</b>
<b>Total Operating Expenses</b>	<b>4,646,180</b>	<b>1,254,824</b>
Operating profit (loss)	583,430	(175,892)
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	145,225	8,550
Loss on sale of equipment	-	(22,352)
Interest expense	(506,443)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(361,218)</b>	<b>(13,802)</b>
<b>Change in Net Assets</b>	<b>222,212</b>	<b>(189,694)</b>
<b>Net Assets, at beginning of year</b>	<b>41,943,411</b>	<b>2,720,223</b>
<b>Net Assets, at end of year</b>	<b>\$ 42,165,623</b>	<b>\$ 2,530,529</b>

*The accompanying notes are an integral part of this statement.*

# City of Norton Shores

## Proprietary Funds

### Statement of Cash Flows

		Governmental Activities
	Water & Sewer Funds	Internal Service Funds
<i>Year ended June 30, 2006</i>		
<b>Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 583,430	\$ (175,892)
Adjustments to reconcile operating income to net cash provided by operations		
Decrease in deferred revenue	(48,861)	-
Depreciation and amortization	1,294,363	507,912
Changes in assets and liabilities		
Accounts receivable	(39,382)	(291)
Prepaid expenses	(5,506)	(5,865)
Inventory	(31,626)	-
Accounts payable	(59,597)	(136)
Accrued liabilities	2,846	(727)
<b>Total Cash Flows from Operating Activities</b>	<b>1,695,667</b>	<b>325,001</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal payments on long-term debt	(507,443)	-
Interest payments on long-term debt	(506,443)	-
Increase in compensated absences	18,299	-
Proceeds from sale of fixed assets	-	41,535
Purchase of fixed assets	(41,997)	(555,105)
Construction of water and sewer lines	(313,779)	-
Collections of special assessments	237,035	-
<b>Total Cash Flows from Capital and Related Financing</b>	<b>(1,114,328)</b>	<b>(513,570)</b>
<b>Cash Flows from Investing Activities</b>		
Interest income	145,225	8,550
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>726,564</b>	<b>(180,019)</b>
<b>Cash and Cash Equivalents , at beginning of year</b>	<b>10,730,661</b>	<b>1,423,665</b>
<b>Cash and Cash Equivalents, at end of year</b>	<b>\$ 11,457,225</b>	<b>\$ 1,243,646</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 1,562,299	\$ 1,243,646
Restricted assets	9,894,926	-
	<b>\$ 11,457,225</b>	<b>\$ 1,243,646</b>

*The accompanying notes are an integral part of this statement.*

# City of Norton Shores

## Fiduciary Funds

### Statement of Fiduciary Net Assets

<i>June 30, 2006</i>		Agency Funds
<b>Assets</b>		
Cash and cash investments	\$	583,509
<b>Liabilities</b>		
Due to other funds	\$	1
Performance deposits		551,465
Due to other governments		32,043
	\$	583,509

*The accompanying notes are an integral part of this statement.*

# City of Norton Shores

## Notes to Basic Financial Statements

### 1. Summary of Significant Accounting Policies

The financial statements of the City of Norton Shores have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### Financial Reporting Entity

The City of Norton Shores was incorporated April 16, 1968, under the provisions of the Home Rule Act of the State of Michigan. The City operates under a Mayor-Council form of government with a professional City Administrator. The City of Norton Shores provides the following services as authorized by its charter or state law: General Administrative Services, Public Safety, Highway and Street Maintenance, Sanitation, Culture, Recreation and Other Governmental Functions. The accounting policies of the City of Norton Shores conform to generally accepted accounting principles as applicable to cities. As required by generally accepted accounting principles, Governmental Accounting Standards Board (GASB) 14, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Component Units – In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units. Discretely presented component units have a June 30th year end.



# City of Norton Shores

## Notes to Basic Financial Statements

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*Discretely presented component units* – The Component Units column in the combined financial statements includes the financial data of the City's other component units. These units are reported in a separate column to emphasize that they are legally separate from the City.

The Economic Development Corporation of the City of Norton Shores (EDC) was incorporated as a nonprofit corporation pursuant to the provisions of Act 338, Public Acts of 1974, of the State of Michigan as amended. Members of the EDC are appointed by the City Council. The EDC is fiscally dependent on the City since the City Council approves the EDC budget. Organized primarily to expand the City's industrial base, the EDC acquired, developed and marketed an industrial park in the City and provides for other economic development related projects. With the completion of infrastructure lot sales in its Phase II Development, assets of the EDC were transferred to the City and have been classified as the Industrial Development Fund in the Capital Project Funds to allow for fund accumulation to finance future industrial development.

The Tax Increment Financing Authority of the City of Norton Shores (TIFA) was incorporated as a nonprofit corporation pursuant to the provisions of Act 450, Public Acts of 1980, of the State of Michigan, as amended. Organized primarily to expand the City's industrial park, the TIFA district was expanded in late 1986 to provide for commercial and industrial development along the U S 31 corridor in the eastern part of the City. For financial reporting purposes, the TIFA is reported as a discretely presented component unit in that members of the TIFA are approved by the City Council and the TIFA is fiscally dependent on the City since the City Council approves the TIFA budget. The TIFA is presented as a governmental fund type.

# City of Norton Shores

## Notes to Basic Financial Statements

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The Brownfield Redevelopment Authority of the City of Norton Shores (Authority) was incorporated as a nonprofit corporation pursuant to the provisions of Act 381, Public Acts of 1996, of the State of Michigan, as amended. The objective of the Authority is to facilitate Brownfield Redevelopment by providing funding for eligible environmental activities and allowing developers to obtain a Single Business Tax Credit for eligible investments at Brownfield properties. For financial reporting purposes, the Authority is reported as a discretely presented component unit in that members of the Authority are approved by the City Council and the Authority is fiscally dependent on the City since the City Council approves the Authority budget. The Authority is presented as a governmental fund type.

### *Fund Accounting*

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

# City of Norton Shores

## Notes to Basic Financial Statements

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### *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# City of Norton Shores

## Notes to Basic Financial Statements

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### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

Government-wide Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Fund-based Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# City of Norton Shores

## Notes to Basic Financial Statements

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Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government

The City reports the following major governmental funds:

*General Fund* – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

*Major Street Fund* – The Major Street Fund is used to account for motor fuel tax allocations to the City by the Michigan Department of Transportation for construction and maintenance of the City’s major streets.

*Capital Improvements Fund* – The Capital Improvements Fund is used to account for the City Charter – authorized two (2) mill property tax levy and related restricted revenues for the acquisition of land, equipment, facilities, improvements and similar items for general governmental use.

The City reports the following major proprietary fund:

*Water and Sewer Fund* – The Water and Sewer Fund is used to account for user fees, contributed capital and related revenues for the acquisition and operation of the Water and Sewer Utility System.

### **Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

# City of Norton Shores

## Notes to Basic Financial Statements

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Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchases of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

### **Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments.

Cash equivalents are short-term, highly liquid investments that have the following characteristics:

- Investments that are readily convertible to known amounts of cash
- Investments that mature in such a short period of time that their values are effectively immune from changes in interest rates
- Original maturity of three months or less

Investments are stated at fair value. The city maintains a pooled investment fund to account for all investments of the various City funds. Investments within this pooled investment fund are shown on the balance sheets of each individual fund as cash and cash equivalents.

### **Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

# City of Norton Shores

## Notes to Basic Financial Statements

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### **Property Taxes**

Property taxes attach as enforceable liens on property as of December 31<sup>st</sup>. Taxes are levied on July 1<sup>st</sup> of the following year and are payable from the date of levy through August 31<sup>st</sup> without penalty and until March 1<sup>st</sup> of the following year with penalty. Taxes are recognized as revenue (and become available for appropriation) in the fiscal year following the levy date (July 1<sup>st</sup>)

The City bills and collects its own property taxes and also taxes for the county and school districts. Collections of all the taxes and remittance of them to the other taxing authorities are accounted for in the Trust and Agency Fund. The City is permitted by charter or state law without voter approval to levy taxes up to \$7.00 per \$1,000 of state equalized valuation for general governmental purposes, \$3.00 for sanitation and the amount required to service the General Obligation Debt. The tax rate to finance City services for the year ended June 30, 2006 was \$8.1837 per \$1,000 of taxable valuation.

### **Inventories**

Inventory in the water and sewer fund is valued at the lower of cost (first-in, first-out) or market. Inventory in the governmental funds consist of expendable supplies which are recorded as an expenditure at the time individual inventory items are purchased.

### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006 are recorded as prepaid items. These prepaid items are primarily insurance premiums and fiscal year 2007 memberships invoiced prior to July 1, 2006. The City follows the consumption method of accounting in reporting these items and, therefore, no offset by a fund balance reserve is required.

# City of Norton Shores

## Notes to Basic Financial Statements

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### Restricted Assets

Certain proceeds of enterprise fund general obligation bonds, as well as certain resources set aside for future sanitary sewer improvements, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or City Council resolution.

### Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following useful lives:

<b>Assets</b>	<b>Years</b>
Buildings and additions	20-50
Vehicles	4-8
Furniture and other equipment	10
Infrastructure	20



# City of Norton Shores

## Notes to Basic Financial Statements

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### **Compensated Absences**

The liability for compensated absences reported in the city-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

### **Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

# City of Norton Shores

## Notes to Basic Financial Statements

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### **Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### **Comparative Data**

Comparative total data for the prior year has not been presented in the accompanying financial statements.

### **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **2. Legal Compliance - Budgets**

During the month of February of each year, all agencies of the City submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity on a program basis, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

# City of Norton Shores

## Notes to Basic Financial Statements

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At the second City Council meeting in April, the proposed budget is presented to the Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations. Any changes in the budget must be within the revenues and reserves estimated as available by the City Administrator or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary. The supplementary appropriations in all cases were immaterial, consisting primarily of authorized expenditure of funds approved in the prior year but occurring in the current fiscal year. These supplementary appropriations are required due to annual appropriations lapsing at fiscal year end.

### 3. Cash and Temporary Investments

#### Deposits

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

#### Custodial Credit Risk Related to Deposits

Custodial credit risk related to deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. It is the City's policy to reduce custodial credit risk related to deposits by using only pre-qualified financial institutions, broker/dealers, intermediaries and advisors. At June 30, 2006, \$1,980,389 of the City's bank balances of \$2,080,390 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized

\$ 1,980,389

# City of Norton Shores

## Notes to Basic Financial Statements

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### Investments

At June 30, 2006, the City had the following investments:

Investment	Fair Value
GNMA Bonds	\$ 11,526,120
Certificates of Deposit	511,646
Money Market Funds	1,917,974
Mutual Funds	1,000,360
Closed-end funds	2,295,468
Total	\$ 17,251,568

### Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. It is the City's policy to reduce interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements

### Custodial Credit Risk Related to Investments

Custodial credit risk related to investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. All of the City's investments are held in the name of the City.

# City of Norton Shores

## Notes to Basic Financial Statements

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### *Credit Risk*

State statutes authorize the City to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Pool Act and mutual funds composed entirely of the above investments

The City had no investment policy that would further limit its investment choices. The City's investment in unit investment trusts, money market funds and closed-end funds were not rated at June 30, 2006.

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

# City of Norton Shores

## Notes to Financial Statements

### 4. Capital Assets

Capital asset activity of the City's governmental activities was as follows:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Governmental Activities</b>				
Capital assets, not depreciable:				
Land	\$ 1,875,699	\$ -	\$ -	\$ 1,875,699
Capital assets being depreciated:				
Buildings	2,826,835	28,362	-	2,855,197
Land improvements	1,288,696	53,232	-	1,341,928
Machinery, equipment, vehicles and fixtures	10,563,871	1,064,484	355,343	11,273,012
Infrastructure	18,081,922	281,955	-	18,363,877
Total assets being depreciated	32,761,324	1,428,033	355,343	33,834,014
Less accumulated depreciation for:				
Buildings	(1,553,329)	(57,104)	-	(1,610,433)
Improvements	(571,810)	(25,981)	-	(597,791)
Machinery, equipment, vehicles and fixtures	(6,914,613)	(1,231,957)	291,456	(7,855,114)
Infrastructure	(10,334,987)	(805,356)	-	(11,140,343)
Total accumulated depreciation	(19,374,739)	(2,120,398)	291,456	(21,203,681)
Total capital assets being depreciated, net	13,386,585	(692,365)	(63,887)	12,630,333
<b>Governmental Activities—Capital Assets, Net</b>	<b>\$ 15,262,284</b>	<b>\$ (692,365)</b>	<b>\$ (63,887)</b>	<b>\$ 14,506,032</b>

# City of Norton Shores

## Notes to Financial Statements

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Business-Type</b>				
Capital assets, not depreciable:				
Land	\$ 250	\$ -	\$ -	\$ 250
Construction in progress	3,786,343	41,997	-	3,828,340
	3,786,593	41,997	-	3,828,590
Capital assets being depreciated:				
Regional water system	1,510,285	-	-	1,510,285
Water mains and hydrants	9,281,919	286,618	-	9,568,537
Meters	12,348	-	-	12,348
Sewers and lift stations	35,610,827	27,161	-	35,637,988
Machinery and equipment	114,912	-	-	114,912
Wastewater treatment	5,400,608	-	-	5,400,608
Total assets being depreciated	51,930,899	313,779	-	52,244,678
Less accumulated depreciation for:				
Water mains and hydrants	(3,794,937)	(166,148)	-	(3,961,085)
Meters	(12,348)	-	-	(12,348)
Sewers and lift stations	(15,845,852)	(714,061)	-	(16,559,913)
Machinery and equipment	(113,988)	(549)	-	(114,537)
Wastewater treatment	(3,319,758)	(108,012)	-	(3,427,770)
Total accumulated depreciation	(23,086,883)	(988,770)	-	(24,075,653)
Total capital assets being depreciated, net	28,844,016	(674,991)	-	28,169,025
<b>Business-type Activities—Capital Assets, Net</b>	<b>\$32,630,609</b>	<b>\$ (632,994)</b>	<b>\$ -</b>	<b>\$ 31,997,615</b>
<b>Component units</b>				
Tax Increment Finance				
Building and infrastructure	\$ -	\$ 1,406,973	\$ -	\$ 1,406,973
Construction in progress	1,241,299	-	(1,241,299)	-
Total assets being depreciated	1,241,299	1,406,973	(1,241,299)	1,406,973
Less accumulated depreciation for:				
Building and infrastructure	-	(36,441)	-	(36,441)
<b>Component Unit—Capital Assets, Net</b>	<b>\$ 1,241,299</b>	<b>\$ 1,370,532</b>	<b>\$ (1,241,299)</b>	<b>\$ 1,370,532</b>

# City of Norton Shores

## Notes to Basic Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 669,161
Public safety	1,451,237
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,120,398</b>
Business-Type activities:	
Water and Sewer	\$ 988,770

- 5. Long-Term Debt** The following is a summary of the long-term debt outstanding of the City as of June 30, 2006

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Due Within One Year
<b>Governmental Activities</b>					
1993 Michigan Transportation Fund Bonds maturing through 2008, interest ranging from 3 1/2% - 4 7/8%.	\$ 1,250,000	\$ -	\$ (300,000)	\$ 950,000	\$ 300,000
CDBG Act 108 loan payable in installments of \$20,000 Final payment due August 1, 2009	105,000	-	(20,000)	85,000	20,000
Capital lease payable in annual installments of \$46,295 including interest at 4.59% Final payment due September 2005	238,092	-	(238,092)	-	-
Installment loan payable in annual installments of \$45,666 including interest at 4.10% Final payment due September 2010	-	202,725	-	202,725	37,330
Accumulated compensated absences	403,913	98,291	-	502,204	-
<b>Total Governmental Activities</b>					
<b>Long-Term Debt</b>	<b>\$ 1,997,005</b>	<b>\$ 301,016</b>	<b>\$ (558,092)</b>	<b>\$ 1,739,929</b>	<b>\$ 357,330</b>



# City of Norton Shores

## Notes to Basic Financial Statements

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Due Within One Year
<b>Business Type Activities</b>					
Obligations under contract with County of Muskegon	\$ 3,697,640	\$ -	\$ (345,462)	\$ 3,352,178	\$ 123,750
Obligations under contract with the City of Muskegon Heights	8,887,895	-	(161,981)	8,725,914	175,340
Accumulated compensated absences	75,277	18,299	-	93,576	-
<b>Total Business Type Activities</b>					
<b>Long-Term Debt</b>	\$ 12,660,812	\$ 18,299	\$ (507,443)	\$ 12,171,668	\$ 299,090
<b>Total All Long-Term Liabilities</b>	\$ 14,657,817	\$ 319,315	\$ (1,065,535)	\$ 13,911,597	\$ 656,420

The 1992 Muskegon County Wastewater Management System No. 1 contract was entered into with the County for increased construction costs incurred with respect to the 1989 contract for improvements to the sewage treatment facility. The City has pledged its limited tax full faith and credit toward the retirement of its share of the \$2,300,000 bond issue. In compliance with constitutional limitations, the City is utilizing sewer service charges as the retirement vehicle. Annual payments by the City for principal retirement will range from \$20,840 to \$208,180, with \$217,548 due in 2008.

# City of Norton Shores

## Notes to Basic Financial Statements

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The 2000 Muskegon County Water Supply System No. 1, Series II contract was entered into with the County for the construction of a regional transmission water main, enhancements for water supply storage, and construction of distribution water mains in the City. The City of Norton Shores is responsible for annual debt service in the amount equal to its share of system construction costs, currently estimated at 55% of the total. The City has pledged its limited full faith and credit toward the retirement of its share of the \$6,500,000 bond issue. In compliance with constitutional limitations, the City is utilizing water service charges as the retirement vehicle.

Bond ordinances of several past issues contain provisions that restrict the use of unexpended bond proceeds for additional sewer system improvements or retirement of the related debt. The unexpended proceeds and accumulated investment earnings are presented as restricted assets.

The 2000 Muskegon Heights Water Supply System contract was entered into with the City of Muskegon Heights to provide a 7.8 million gallon per day water treatment capacity increase to service the cities of Muskegon Heights, Norton Shores and Fruitport Township. The City of Norton Shores is responsible for annual debt service in an amount equal to its previous year pro-rata share of water purchases, currently estimated at 50.62% of the total. The City has pledged its limited full faith and credit toward the retirement of its share of the \$18,485,000 bond issue. In compliance with constitutional limitations, the City is utilizing water service charges as the retirement vehicle.

# City of Norton Shores

## Notes to Basic Financial Statements

The total required payment for principal and interest amounted to \$13,315,817 and \$8,832,959, respectively at June 30, 2006 as follows:

	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2007-2011	\$ 1,237,725	\$ 90,901	\$ 2,135,133	\$ 3,032,063
2012-2016	-	-	2,289,030	2,443,482
2017-2021	-	-	2,732,808	1,758,716
2022	-	-	4,921,121	1,507,797
	\$ 1,237,725	\$ 90,901	\$ 12,078,092	\$ 8,742,058

### 6. Interfund Balances and Transfers

Interfund Receivables and payables at June 30, 2006 consist of:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 1	Trust and Agency - Other	\$ 1

Interfund transfers during the fiscal year were as follows:

<i>Fund</i>	Transfer in	Transfer out
Major Streets	\$ 280,479	\$ -
Capital Improvements	10,000	370,479
Local Improvement	25,000	-
Debt Service	342,700	-
Cemetery Care		10,000
Tax Incremental Finance Authority	-	277,700
	\$ 658,179	\$ 658,179

# City of Norton Shores

## Notes to Basic Financial Statements

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### 7. Risk Management

The City purchases insurance and participates in public entity risk pools for the various risks associated with City operations. Significant risk management activities of the City are accounted for and disclosed below as required by GASB 10.

The City is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains its liability insurance coverage as a member of the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing liability and property coverage to its participating members. The City pays an annual premium to MMLPP for liability insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrences based coverage by internally insuring certain risks and reinsuring risks through commercial companies. A \$1,000 deductible is maintained to place the responsibility for small charges with the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City manages its workers' compensation risk by participating in the Michigan Municipal League Workers' Compensation Fund (MMLWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The City pays an annual premium to MMLWCF for its workers compensation coverage. The MMLWCF is self-sustaining through member premiums and provides statutory workers compensation coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past four fiscal years.

# City of Norton Shores

## Notes to Basic Financial Statements

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### **8. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### **9. Post-Employment Health Care Benefits**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. All of the City's full-time employees may become eligible for those benefits if they qualify for normal retirement while working for the City. The cost of retiree health care insurance benefits is recognized as expense as premiums are paid. For the year ended June 30, 2006, those costs total \$413,995 for the 56 retirees receiving health care insurance benefits.

### **10. Retirement Plan      Plan Description**

The City's defined benefit pension plan, City of Norton Shores Employees' Retirement System (CNSERS), provides retirement, death and disability benefits to plan members and beneficiaries. CNSERS is affiliated with the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer pension plan administered by the nine member board of MERS. Public Act 135 of 1945 as amended by Public Act 220 of 1996 assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for CNSERS, that authority rests with the City of Norton Shores.

# City of Norton Shores

## Notes to Basic Financial Statements

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MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting Municipal Employees' Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917

### **Funding Policy**

CNSERS members are not required to contribute. The City is required to contribute at actuarially determined rates; the current rates range from 14.01% to 38.77% of annual covered payroll depending on the level of benefits adopted for the member groups of the City. The contribution requirements of plan members and the City are established and may be amended by the MERS Board of Trustees.

### **Annual Pension Cost**

For the year ending June 30, 2006, the City's annual pension cost of \$949,075 for CNSERS was equal to the City's required contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 4.5% inflation rate, compounded annually, (b) 8.0% investment rate of return (net of administrative expenses), (c) projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement, for persons under Benefit E-1 or E-2. The actuarial value of CNSERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. CNSERS' unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of 30 years.

# City of Norton Shores

## Notes to Basic Financial Statements

### Three-Year Trend Information for CNSERS

Fiscal year ended:	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
6/30/2004	\$ 899,193	100	\$ -
6/30/2005	903,630	100	-
6/30/2006	949,075	100	-

### 11. Excess of Expenditures Over Revenues in Budgetary Funds

During the year ended June 30, 2006, the City incurred expenditures in various funds which were in excess of amounts appropriated, as follows:

<i>Year ended June 30, 2006</i>	Appropriation	Actual Expenditures
Accounting and financial		
Legal Services	\$ 116,600	\$ 118,213
Records and information	154,801	161,041
Building and grounds maintenance	147,753	151,158
Library	125,398	129,285
Water system management		
Water system maintenance	749,682	1,155,568

All expenditures over appropriations as identified above have been paid by excess revenues or by reduced expenditures in other activities

### 12. Restatement of Net Assets

During the year ended June 30, 2006, the City made an adjustment to the beginning net assets previously reported in the financial statements to retroactively report all major general infrastructure assets in the general fixed assets for governmental activities. The result of this adjustment was to increase beginning net assets in the governmental activities from \$14,074,774 to \$21,747,448.

# Required Supplemental Information

[REDACTED]



<i>Year ended June 30, 2006</i>	General Fund			
	Original Budget	Final Budget	Actual	Difference
<b>Revenues</b>				
Taxes	\$ 4,246,535	\$ 4,162,447	\$ 4,094,529	\$ (67,918)
Licenses and permits	222,300	234,300	233,832	(468)
Intergovernmental revenue				
Federal	30,155	30,155	5,041	(25,114)
State	1,813,035	1,809,132	1,816,423	7,291
Charges for services	1,630,578	1,701,185	1,710,093	8,908
Fines and forfeits	80,750	80,750	64,904	(15,846)
Interest income	94,000	110,000	97,349	(12,651)
Miscellaneous	25,000	25,000	18,199	(6,801)
Total Revenues	8,142,353	8,152,969	8,040,370	(112,599)
<b>Expenditures</b>				
Current operations				
General government	2,111,633	2,139,414	2,000,050	(139,364)
Public safety	5,077,140	5,160,342	4,938,320	(222,022)
Highways and streets	310,880	307,180	296,828	(10,352)
Culture and recreation	642,700	622,029	579,975	(42,054)
Administration	-	-	-	-
Total Expenditures	8,142,353	8,228,965	7,815,173	(413,792)
<b>Revenues Over (Under) Expenditures</b>	-	(75,996)	225,197	301,193
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	-	-	-	-
Interfund transfers (out)	-	-	-	-
	-	-	-	-
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	(75,996)	225,197	301,193
<b>Fund Balance, at beginning of year</b>	1,009,334	1,009,334	1,009,334	-
<b>Fund Balance, at end of year</b>	\$ 1,009,334	\$ 933,338	\$ 1,234,531	\$ 301,193

# City of Norton Shores

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Governmental Funds

Major Streets			
Original Budget	Final Budget	Actual	Difference
\$ -	\$ -	\$ -	\$ -
-	-	-	-
550,000	416,213	-	(416,213)
1,403,791	1,412,310	1,363,566	(48,744)
-	-	-	-
-	-	-	-
11,000	11,000	2,679	(8,321)
4,500	74,500	74,398	(102)
1,969,291	1,914,023	1,440,643	(473,380)
-	-	-	-
-	-	-	-
2,029,400	1,530,328	1,024,071	(506,257)
-	-	-	-
249,156	249,156	248,822	(334)
2,278,556	1,779,484	1,272,893	(506,591)
(309,265)	134,539	167,750	33,211
280,479	280,479	280,479	-
-	-	-	-
280,479	280,479	280,479	-
(28,786)	415,018	448,229	33,211
49,290	49,290	49,290	-
\$ 20,504	\$ 464,308	\$ 497,519	\$ 33,211

# City of Norton Shores

## Required Supplementary Information for Pension Plans - GASB 27

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
December 31:						
2003	16,110,891	23,623,313	7,512,422	68.20%	4,815,069	156.02%
2004	16,884,882	26,218,103	9,333,221	64.40%	4,797,527	194.54%
2005	17,440,195	27,651,800	10,211,605	63.07%	4,909,378	208.00%

<i>June 30, 2006</i>	Special Revenue			
	Local Street	Solid Waste	Building	Community Development Program
<b>Assets</b>				
Cash and cash equivalents	\$ 311,779	\$ 939,268	\$ 312,506	\$ 11,435
Due from other governments	73,747	-	-	-
Due from other funds	-	-	-	-
Accounts receivable	-	-	340	936
Special assessments receivable	-	-	-	-
Prepaid items	9,290	-	2,115	-
<b>Total Assets</b>	<b>\$ 394,816</b>	<b>\$ 939,268</b>	<b>\$ 314,961</b>	<b>\$ 12,371</b>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts payable	1,954	8,426	13,187	123
Accrued payroll	4,003	864	3,389	-
Performance deposits	-	-	-	-
Unearned revenues	-	-	-	708
<b>Total Liabilities</b>	<b>5,957</b>	<b>9,290</b>	<b>16,576</b>	<b>831</b>
Fund balances				
Reserved for debt service	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved				
Designated for subsequent year's expenditures	-	-	-	-
Undesignated	388,859	929,978	298,385	11,540
<b>Total Fund Balances</b>	<b>388,859</b>	<b>929,978</b>	<b>298,385</b>	<b>11,540</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 394,816</b>	<b>\$ 939,268</b>	<b>\$ 314,961</b>	<b>\$ 12,371</b>

# City of Norton Shores

## Combining Balance Sheet - Non-Major Governmental Funds

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<u>Local</u> <u>Improvement</u>	<u>Debt</u> <u>Service</u>	<u>Industrial</u> <u>Development</u>	<u>Cemetery</u> <u>Care</u>	<u>Total</u> <u>All Funds</u>
\$ 1,444,682	\$ 95,374	\$ 606,938	\$ 436,011	\$ 4,157,993
-	-	-	-	73,747
-	-	-	-	-
863	-	-	-	2,139
211,669	113,938	-	-	325,607
121,181	-	-	-	132,586
<u>\$ 1,778,395</u>	<u>\$ 209,312</u>	<u>\$ 606,938</u>	<u>\$ 436,011</u>	<u>\$ 4,692,072</u>
-	-	-	-	23,690
-	-	-	-	8,256
-	-	-	-	-
57,310	113,938	-	-	171,956
<u>57,310</u>	<u>113,938</u>	<u>-</u>	<u>-</u>	<u>203,902</u>
-	95,374	-	-	95,374
-	-	-	436,011	436,011
-	-	240,000	-	240,000
1,721,085	-	366,938	-	3,716,785
<u>1,721,085</u>	<u>95,374</u>	<u>606,938</u>	<u>436,011</u>	<u>4,488,170</u>
<u>\$ 1,778,395</u>	<u>\$ 209,312</u>	<u>\$ 606,938</u>	<u>\$ 436,011</u>	<u>\$ 4,692,072</u>

<i>Year ended June 30, 2006</i>	Special Revenue			
	Local Street	Solid Waste	Building	Community Development Program
<b>Revenues</b>				
Taxes	\$ -	\$ 881,705	\$ -	\$ -
Licenses and permits	-	-	566,070	-
Assessments levied	-	-	-	-
Sale of cemetery lots	-	-	-	-
Intergovernmental revenue				
Federal	-	-	-	139,004
State	446,628	-	-	-
Interest income	3,970	4,927	1,627	-
Miscellaneous revenue	-	915	-	16,751
<b>Total Revenues</b>	<b>450,598</b>	<b>887,547</b>	<b>567,697</b>	<b>155,755</b>
<b>Expenditures</b>				
Public safety	-	-	471,286	-
Highways and streets	280,631	-	-	-
Administration	131,716	81,644	61,031	-
Cemetery maintenance	-	-	-	-
Community development	-	-	-	123,110
Solid waste disposal	-	585,760	-	-
Capital outlay	1,136	-	-	-
Debt service				
Principal payments	-	-	-	20,000
Interest	-	-	-	8,174
<b>Total Expenditures</b>	<b>413,483</b>	<b>667,404</b>	<b>532,317</b>	<b>151,284</b>
Revenues over (under) expenditures	37,115	220,143	35,380	4,471
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	-	-	-	-
Interfund transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	37,115	220,143	35,380	4,471
<b>Fund Balance, at beginning of year</b>	<b>351,744</b>	<b>709,835</b>	<b>263,005</b>	<b>7,069</b>
<b>Fund Balance, at end of year</b>	<b>\$ 388,859</b>	<b>\$ 929,978</b>	<b>\$ 298,385</b>	<b>\$ 11,540</b>

# City of Norton Shores

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

	Debt Service	Capital Projects	Permanent	
Local Improvement	Debt Service	Industrial Development	Cemetery Care	Total All Funds
\$ -	\$ 954	\$ -	\$ -	\$ 882,659
-	-	-	-	566,070
33,014	-	-	-	33,014
-	-	-	30,088	30,088
-	-	-	-	139,004
-	-	-	-	446,628
20,636	8,557	13,323	17,509	70,549
-	28,360	-	-	46,026
53,650	37,871	13,323	47,597	2,214,038
-	-	-	-	471,286
-	-	-	-	280,631
-	-	-	-	274,391
-	-	-	17,509	17,509
-	-	-	-	123,110
-	-	-	-	585,760
78,745	-	-	-	79,881
-	300,000	-	-	320,000
-	42,675	-	-	50,849
78,745	342,675	-	17,509	2,203,417
(25,095)	(304,804)	13,323	30,088	10,621
25,000	342,700	-	-	367,700
-	-	-	(10,000)	(10,000)
25,000	342,700	-	(10,000)	357,700
(95)	37,896	13,323	20,088	368,321
1,721,180	57,478	593,615	415,923	4,119,849
\$ 1,721,085	\$ 95,374	\$ 606,938	\$ 436,011	\$ 4,488,170

<i>Year ended June 30, 2006</i>	Local Street		
	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Assessments levied	-	-	-
Sale of cemetery lots	-	-	-
Intergovernmental revenue			
Federal	-	-	-
State	466,517	446,628	(19,889)
Interest income	11,000	3,970	(7,030)
Miscellaneous revenue	-	-	-
<b>Total Revenues</b>	<b>477,517</b>	<b>450,598</b>	<b>(26,919)</b>
<b>Expenditures</b>			
Public safety	-	-	-
Highways and streets	332,000	281,767	(50,233)
Administration	131,556	131,716	160
Community development	-	-	-
Solid waste disposal	-	-	-
Capital outlay	-	-	-
Debt service			
Principal payments	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>463,556</b>	<b>413,483</b>	<b>(50,073)</b>
Revenues over (under) expenditures	13,961	37,115	23,154
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	-	-	-
Interfund transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	13,961	37,115	23,154
<b>Fund Balance, at beginning of year</b>	<b>351,744</b>	<b>351,744</b>	<b>-</b>
<b>Fund Balance, at end of year</b>	<b>\$ 365,705</b>	<b>\$ 388,859</b>	<b>\$ 23,154</b>



# City of Norton Shores

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-Major Governmental Funds

Solid Waste			Building		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 789,374	\$ 881,705	\$ 92,331	\$ -	\$ -	\$ -
-	-	-	563,000	566,070	3,070
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,570	4,927	(19,643)	13,000	1,627	(11,373)
2,500	915	(1,585)	-	-	-
816,444	887,547	71,103	576,000	567,697	(8,303)
-	-	-	532,950	471,286	(61,664)
-	-	-	-	-	-
81,644	81,644	-	61,031	61,031	-
-	-	-	-	-	-
734,800	585,760	(149,040)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
816,444	667,404	(149,040)	593,981	532,317	(61,664)
-	220,143	220,143	(17,981)	35,380	53,361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	220,143	220,143	(17,981)	35,380	53,361
709,835	709,835	-	263,005	263,005	-
\$ 709,835	\$ 929,978	\$ 220,143	\$ 245,024	\$ 298,385	\$ 53,361

<i>Year ended June 30, 2006</i>	<u>Community Development Program</u>		
	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Assessments levied	-	-	-
Sale of cemetery lots	-	-	-
Intergovernmental revenue			
Federal	145,000	139,004	(5,996)
State	-	-	-
Interest income	-	-	-
Miscellaneous revenue	-	16,751	16,751
<b>Total Revenues</b>	<b>145,000</b>	<b>155,755</b>	<b>10,755</b>
<b>Expenditures</b>			
Public safety	-	-	-
Highways and streets	-	-	-
Administration	-	-	-
Community development	116,000	123,110	7,110
Solid waste disposal	-	-	-
Capital outlay	-	-	-
Debt service			
Principal payments	20,000	20,000	-
Interest	9,000	8,174	(826)
<b>Total Expenditures</b>	<b>145,000</b>	<b>151,284</b>	<b>6,284</b>
Revenues over (under) expenditures	-	4,471	4,471
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	-	-	-
Interfund transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	-	4,471	4,471
<b>Fund Balance, at beginning of year</b>	<b>7,069</b>	<b>7,069</b>	<b>-</b>
<b>Fund Balance, at end of year</b>	<b>\$ 7,069</b>	<b>\$ 11,540</b>	<b>\$ 4,471</b>

# City of Norton Shores

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-Major Governmental Funds

Local Improvement		
Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
26,000	33,014	7,014
-	-	-
-	-	-
-	-	-
21,500	20,636	(864)
-	-	-
47,500	53,650	6,150
-	-	-
-	-	-
-	-	-
-	-	-
-	78,745	78,745
-	-	-
-	-	-
-	78,745	78,745
47,500	(25,095)	(72,595)
25,000	25,000	-
-	-	-
25,000	25,000	-
72,500	(95)	(72,595)
1,721,180	1,721,180	-
\$ 1,793,680	\$ 1,721,085	\$ (72,595)

<i>Year ended June 30, 2006</i>	Debt Service		
	Budget	Actual	Variance
<b>Revenues</b>			
Taxes	\$ -	\$ 954	\$ 954
Licenses and permits	-	-	-
Assessments levied	-	-	-
Sale of cemetery lots	-	-	-
Intergovernmental revenue			
Federal	-	-	-
State	-	-	-
Interest income	5,000	8,557	3,557
Miscellaneous revenue	28,360	28,360	-
<b>Total Revenues</b>	<b>33,360</b>	<b>37,871</b>	<b>4,511</b>
<b>Expenditures</b>			
Public safety	-	-	-
Highways and streets	-	-	-
Administration	-	-	-
Cemetery maintenance	-	-	-
Community development	-	-	-
Solid waste disposal	-	-	-
Capital outlay	-	-	-
Debt service			
Principal payments	300,000	300,000	-
Interest	42,700	42,675	(25)
<b>Total Expenditures</b>	<b>342,700</b>	<b>342,675</b>	<b>(25)</b>
Revenues over (under) expenditures	(309,340)	(304,804)	4,536
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	342,700	342,700	-
Interfund transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>342,700</b>	<b>342,700</b>	<b>-</b>
Revenues and other sources over (under) expenditures and other uses	33,360	37,896	4,536
<b>Fund Balance, at beginning of year</b>	<b>57,478</b>	<b>57,478</b>	<b>-</b>
<b>Fund Balance, at end of year</b>	<b>\$ 90,838</b>	<b>\$ 95,374</b>	<b>\$ 4,536</b>

# City of Norton Shores

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-Major Governmental Funds

Industrial Development			Cemetery Care		
Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	30,088	30,088
-	-	-	-	-	-
-	-	-	-	-	-
20,000	13,323	(6,677)	-	17,509	17,509
-	-	-	-	-	-
20,000	13,323	(6,677)	-	47,597	47,597
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	17,509	17,509
-	-	-	-	-	-
-	-	-	-	-	-
240,000	-	(240,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
240,000	-	(240,000)	-	17,509	17,509
(220,000)	13,323	233,323	-	30,088	30,088
-	-	-	-	-	-
-	-	-	-	(10,000)	(10,000)
-	-	-	-	(10,000)	(10,000)
(220,000)	13,323	233,323	-	20,088	20,088
593,615	593,615	-	415,923	415,923	-
\$ 373,615	\$ 606,938	\$ 233,323	\$ 415,923	\$ 436,011	\$ 20,088

# City of Norton Shores

## Internal Service Fund - Equipment Revolving Fund

### Balance Sheet

*June 30, 2006*

#### **Assets**

##### **Current Assets**

Cash and cash equivalents	\$ 1,243,646
Accounts receivable	291
Prepaid expenses	42,827

Total Current Assets	1,286,764
----------------------	-----------

<b>Equipment</b> , net of accumulated depreciation of \$2,732,979 in 2006 and \$2,516,524 in 2005	1,254,577
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<b>Total Assets</b>	2,541,341
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#### **Liabilities and Net Assets**

##### **Current Liabilities**

Accounts payable	3,363
Accrued payroll	2,796
Compensated absences payable	4,653

Total Liabilities	10,812
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##### **Net Assets**

Invested in capital assets – net of related debt	1,254,577
Reserved for replacement	1,275,952

<b>Total Net Assets</b>	\$ 2,530,529
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# City of Norton Shores

## Internal Service Fund - Equipment Revolving Fund

### Statement of Revenues, Expenses and Changes in Net Assets

*Year ended June 30, 2006*

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**Operating Revenues**

Billings to departments	\$ 1,038,417
Miscellaneous operating revenues	40,515

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<b>Total Operating Revenues</b>	1,078,932
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<b>Total Operating Expenses</b>	1,254,824
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Operating loss	(175,892)
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**Non-Operating Revenues (Expenses)**

Interest income	8,550
Loss on sale of equipment	(22,352)

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<b>Total Non-Operating Revenues (Expenses)</b>	(13,802)
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<b>Net Loss</b>	(189,694)
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<b>Net Assets, at beginning of year</b>	2,720,223
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<b>Net Assets, at end of year</b>	\$ 2,530,529
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# City of Norton Shores

## Internal Service Fund - Equipment Revolving Fund

### Statement of Cash Flows

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*Year ended June 30, 2006*

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#### **Cash Flows from Operating Activities**

Operating loss	\$ (175,892)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	507,912
Changes in assets and liabilities	
Accounts receivable	(291)
Prepaid expenses	(5,865)
Accounts payable	(136)
Accrued liabilities	(727)

---

<b>Total Cash Flows from Operating Activities</b>	<b>325,001</b>
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#### **Cash Flows from Capital and Related Financing Activities**

Proceeds from sale of fixed assets	41,535
Purchase of fixed assets	(555,105)

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<b>Total Cash Flows from Capital and Related Financing Activities</b>	<b>(513,570)</b>
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#### **Cash Flows from Investing Activities**

Interest income	8,550
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<b>Decrease in Cash</b>	<b>(180,019)</b>
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<b>Cash, at beginning of year</b>	<b>1,423,665</b>
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<b>Cash, at end of year</b>	<b>\$ 1,243,646</b>
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# City of Norton Shores

## Agency Funds - Trust and Agency

### Balance Sheet

*June 30, 2006*

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**Assets and Other Debits**

Cash and cash equivalents	\$ 583,509
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<b>Total Assets and Other Debits</b>	<b>\$ 583,509</b>
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**Liabilities**

## Liabilities

Due to other funds	\$ 1
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Performance deposits	551,465
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Due to other governments	32,043
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<b>Total Liabilities</b>	<b>\$ 583,509</b>
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# City of Norton Shores

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Trust and Agency - Taxes</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2	\$ 30,685,754	\$ 30,685,755	\$ 1
<b>Liabilities</b>				
Due to other funds	\$ 1	\$ -	\$ -	\$ 1
Due to other governments	1	30,685,754	30,685,755	-
	\$ 2	\$ 30,685,754	\$ 30,685,755	\$ 1
<b>Trust and Agency – Other</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 111,681	\$ 1,699,128	\$ 1,227,301	\$ 583,508
<b>Liabilities</b>				
Performance deposits	\$ 72,641	\$ 751,279	\$ 272,455	\$ 551,465
Due to other governments	39,040	959,163	966,160	32,043
	\$ 111,681	\$ 1,710,442	\$ 1,238,615	\$ 583,508

# City of Norton Shores

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Total Trust and Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 111,683	\$ 32,384,882	\$ 31,913,056	\$ 583,509
<b>Liabilities</b>				
Due to other funds	\$ 1	\$ -	\$ -	\$ 1
Performance deposits	72,641	751,279	272,455	551,465
Due to other governments	39,041	31,644,917	31,651,915	32,043
	\$ 111,683	\$ 32,396,196	\$ 31,924,370	\$ 583,509